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BOARD OF DIRECTORS

OF

THERMALITO IRRIGATION DISTRICT

BUTTE COUNTY, CALIFORNIA

REGARDING THE PROFFERED SALE
OF $270,000.00 OF DISTRICT BONDS
APRIL 4, 1923

BONDS APPROVED BY
BOND CERTIFICATION COMMISSION OF THE
STATE OF CALIFORNIA

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Thermalito Irrigation District

HISTORY

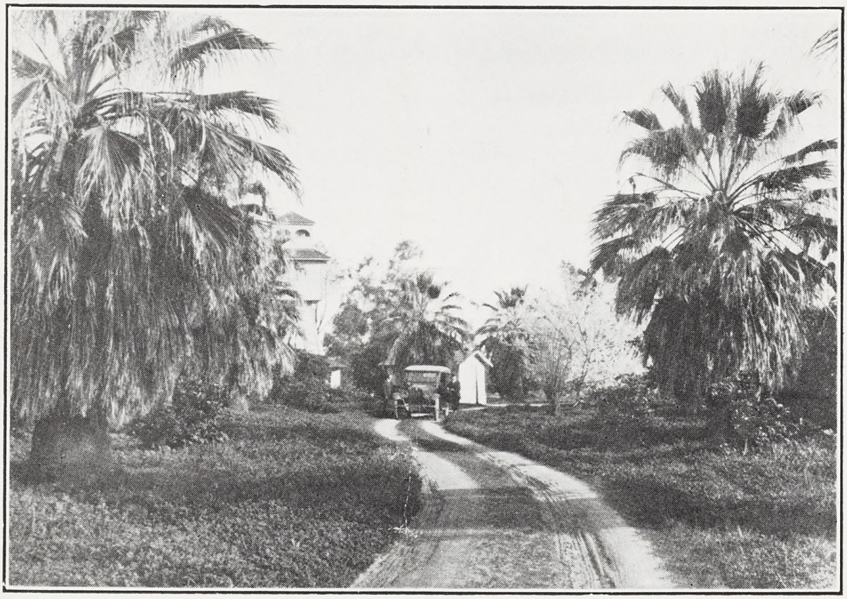
When, in 1886, it became apparent to the owners of water rights, dams and ditches in the region North and West of Oroville that water could be put to a more profitable and beneficial use for agricultural than for mining purposes, and it became also apparent to these agricultural pioneers that splendid soil in a practically frostless belt lay ready for irrigation under their ditches, the Thermalito Colony was formed. The name was derived from the then known fact that severe frost was practically unknown and that the scattered trees then bearing matured their fruit much earlier than even Southern California. About this time the planting of oranges and olives was begun, water being first given free with the land, and later sold to the users. These early water rights, ditches, etc., as they now have bearing on the Thermalito Irrigation District, utilized the flow of the West Branch of the Feather River and its tributaries and date back to the construction of the Powers Ditch in 1852, and the Miocene Ditch in 1871. The water available was limited to the low summer flow of the West Branch and there was not sufficient water to adequately serve more than thirteen hundred (1300) acres in the Thermalito section, in addition to that sold to other users, even when the Thermalito Distribution System was efficient.

In 1901, the Oro Water, Light and Power Company bought from the original holders of these water rights their interests; made certain additions and improvements to the pipe distribution system in Thermalito, but, not being primarily in the water business, allowed the system to depreciate.

In 1918, the Pacific Gas & Electric Company took over these water rights and obligations, at which time the Railroad Commission ordered the rehabilitation of the Thermalito Distribution System, there then being upwards of one thousand (1000) acres planted and irrigated by the rapidly depreciating pipe lines. Owing to the stress of war time conditions, the rebuilding of the system was delayed until the planted acreage was seriously handicapped by the failing water supply. Comparatively little new development has been done in Thermalito in recent years owing to the fact that water has not been available, nor has the service to the planted acreage been sufficient.

In 1921 the farmers of the section immediately North and West of Oroville, feeling that the solution of their irrigation problems rested in their own hands, commenced negotiations with the Pacific Gas & Electric Company whereby the farmers should form a district to develop the storage of Concow Creek, a tributary of the West Branch of the Feather River, to add to the existing supply sold them by the Gas Company and whereby the Gas Company should transport such storage water through its existing conduits and power houses and pay the district for the use of the stored water for power development.

These negotiations having reached a satisfactory stage, the Thermalito Irrigation District, comprising three thousand one hundred acres, was formed under the Wright Act, on April 4th, 1922, by a vote of 135 to 6. A contract was consummated with the Pacific Gas & Electric Company whereby the Gas Company agreed to sell its rights and holdings in the Concow Valley to the District for $10,000, and to carry the stored water from the proposed Concow Reservoir through its ditches and power houses free of charge, paying the district two and a half mills per K.W.H. for the power developed at its two power houses en route, to sell to the district three hundred sixty-four inches of water that it had continuously delivered as a minimum to the Thermalito users at six cents per miner's inch per twenty-four hours, during the irrigation period, and also such surplus water as was available, at the same price, and to turn over the rights of way and pipe lines of the Thermalito Distribution System. The engineering plans pertaining to the storage possibilities, construction of dams and



DRIVEWAY IN PALM BLUFF ORCHARDS, THERMALITO

CAMPHOR TREE AND LOQUAT TREE IN THERMALITO, CLAIMED TO BE THE LARGEST OF THEIR KIND IN CALIFORNIA

ditches and pipe lines, and the contract with the Pacific Gas & Electric Company having received the approval of the State Engineer and the State Bond Certification Commission, an election was called on February 23rd, 1923, at which time bonds amounting to $270,000.00 were voted by the electors of the district by a majority of 134 votes to 19 votes. Immediately thereafter the State Bond Certification Commission approved the bond issue making these bonds a legal investment in accordance with the California Laws, and also approved their type and maturities.

ENGINEERING PLAN

The final engineering plan of Mr. S. J. Norris, Chief Engineer for the district, consists of the following main factors:

1. Construction of the Concow Dam, 75 feet in height, with a crest width of 240 feet, at the outlet of Concow Valley, to provide 3500 acre feet of storage. The minimum run-off of the Concow Watershed is 13,400 acre feet, the normal run-off is 41,300 acre feet, and the maximum run-off is 94,600 acre feet. The estimated cost of this dam is $48,000.

2. Cleaning out of the old Cherokee Mining Ditch, construction of a short addition to this ditch and building of a syphon across the West Branch to conduct the District storage water into

the Miocene Ditch above the Lime Saddle Power House, cost of this part of the work being $28,000.00.

3. Rebuilding and extending the Thermalito Distribution System to adequately serve the 3100 acres in the district. This will also include the construction of an equalizing reservoir in the Northeast corner of the District, on the Gas Company's ditch, to provide added head on the pipe lines and an emergency supply. The total cost of the Distribution System is estimated at $180,000.00, which with the addition of $10,000.00 for the purchase of the Concow Reservoir site and the necessary ditches and rights of way, bring the cost of the entire development to $266,000.000. The cost per acre of water on the land is $87. For the first ten years the annual charge in the district will be slightly under $7.00 per acre, and during the period of bond redemption, from ten to thirty years, the charge will be approximately $9.00 per acre.

SOURCE OF WATER SUPPLY

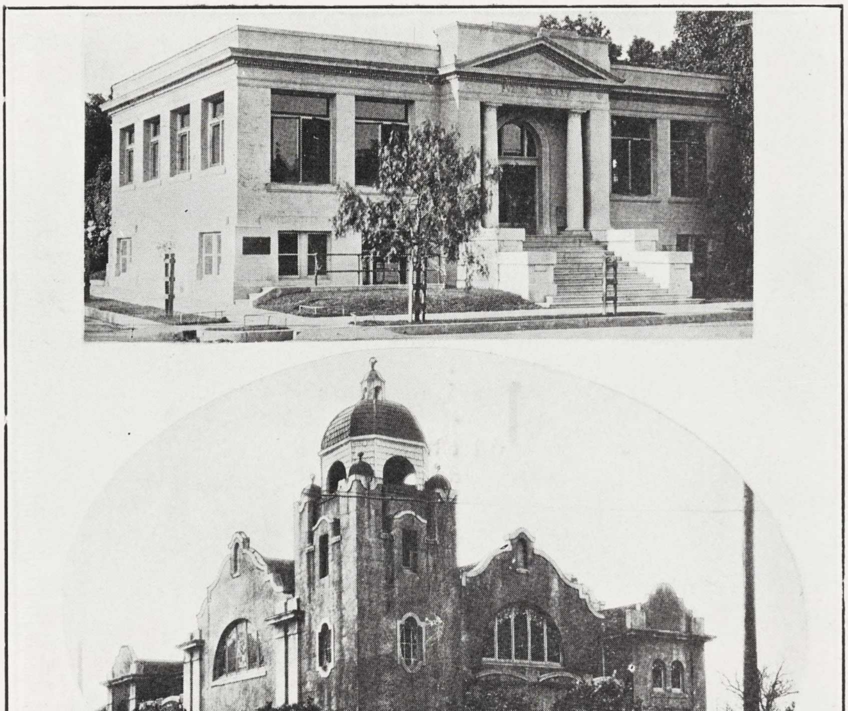
Three hundred sixty-four miner's inches of water as a minimum has been supplied by the Pacific Gas & Electric Company and its predecessors to the Thermalito users, this water being diverted from the West Branch of the Feather River above the junction of this stream and Concow Creek. The right to this water cannot

A PALM LINED HIGHWAY THROUGH THE ORANGE GROVES AND ORCHARDS OF THERMALITO

ONE OF THE TWO HIGHWAY BRIDGES CONNECTING OROVILLE AND THE THERMALITO DISTRICT

be questioned. Under the contract with the Pacific Gas & Electric Company it is to be delivered at a charge of six (6) cents per miner's inch per twenty-four hours and in addition such of the spring flow of the West Branch as may be of value for irrigation is to be sold to the district at the same price. The Gas Company agrees that a full head in their conduits shall be carried at all times, the deficiency during the dry season being supplied by the district's proposed storage at Concow. As its ditches have ample carrying capacities for the old and the contemplated new users, and as the rights to the flow of Concow Creek and its watershed are being purchased by the district from the Gas Company, there is no possibility of any litigation regarding the water supply.

The immediate rebuilding of the Thermalito Distribution System will give an adequate supply of water for the 1923 irrigation season for all the irrigated area and that expected to be planted this spring. It is also probable that the surplus water developed by the construction of the dam at Concow can be immediately sold to yield revenue during the development period of the unplanted acreage in the district. The assured income from the sale of storage water for power amounts to $4,254 annually and is more than sufficient to pay the annual operating expenses of the district.



OROVILLE PUBLIC LIBRARY — FIRST METHODIST CHURCH OF OROVILLE — OROVILLE UNION HIGH SCHOOL AND SCHOOL BUSES

DESCRIPTION

The 3100 acres standing as a security for this issue lie immediately North and West of the City of Oroville, the County Seat of Butte County, the most distant point in the District being 2¾ miles from the center of town. There are four paved highways cutting through Thermalito, and with the connecting county roads no farm is more than ten minutes from Oroville by machine. Two highway bridges and one electric railroad bridge connect the district with Oroville. In addition the Sacramento Northern Railroad carries passengers to town from Thermalito Station in five minutes.

The Thermalito Grammar School lies within a mile of any family within the District, and transportation to the Oroville Union High School is provided by the High School auto buses. All of Thermalito is within the High School District.

Oroville has five beautiful churches, two libraries, and a progressive business section that adequately supplies the needs of the community.

The products of Thermalito reach two transcontinental railroads over paved roads by truck in less than fifteen minutes, and freight is loaded and unloaded in the heart of the district on the Sacramento Northern Railroad.

ADRIATIC FIGS BORDERING ORANGE GROVE. THERMALITO HAS LARGE ACREAGE OF HIGHLY PROFITABLE BEARING FIG ORCHARDS.

ORANGE GROVE IN THERMALITO. THE EARLIEST ORANGES OF THE STATE ARE SHIPPED FROM THIS DISTRICT

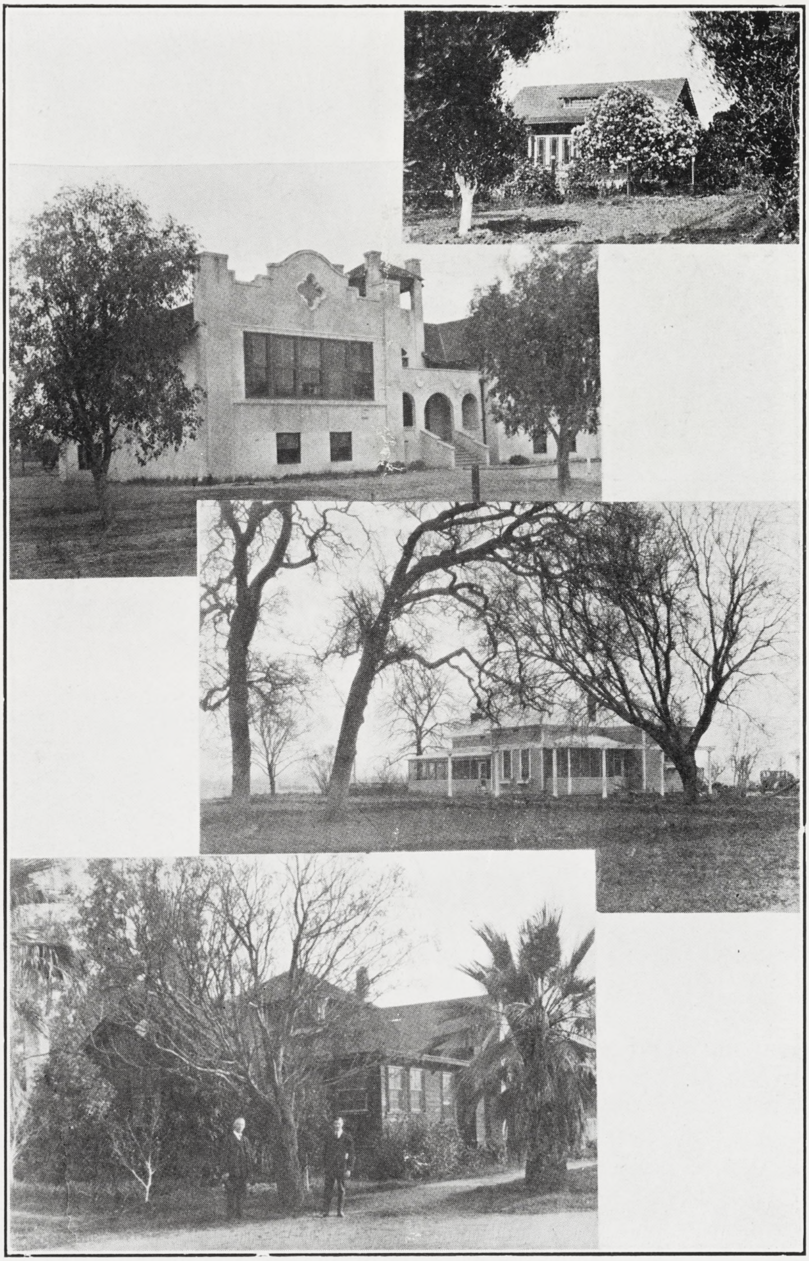
The climate of the Thermalito District is one of its greatest assets. The first navel oranges shipped out of California each year come from Thermalito, and all varieties of fruit are earlier in maturing here than in any other place north of the Imperial Valley. Severe frosts are practically unknown, there being no record of the killing of citrus trees by cold. Many of the severest winters have left this section unscathed.

The rainfall amounts to 28.45 inches, being practically confined to the months of November to April. The long, warm summers are ideal for the early ripening and the development of sugar content of all varieties of fruits.

Bordering on the Feather River where it emerges from the celebrated Feather River Canyon, this district is but an hour's ride from the cool of the mountain pines and the center of one of Nature's most beautiful camping grounds.

The soil is red, sandy loam and gravely loam, splendidly adapted to all fruits, berries and nuts, and especially suitable to the production of olives, figs, oranges and grapes, whose early ripening and excellent carrying qualities make them particularly profitable crops in this locality.

The general topography of the land is slightly rolling with natural fall into the Feather River that precludes the possibility of



GROUP OF THERMALITO HOMES. THE THERMALITO SCHOOLHOUSE IS SHOWN IN THE SECOND VIEW FROM THE TOP.

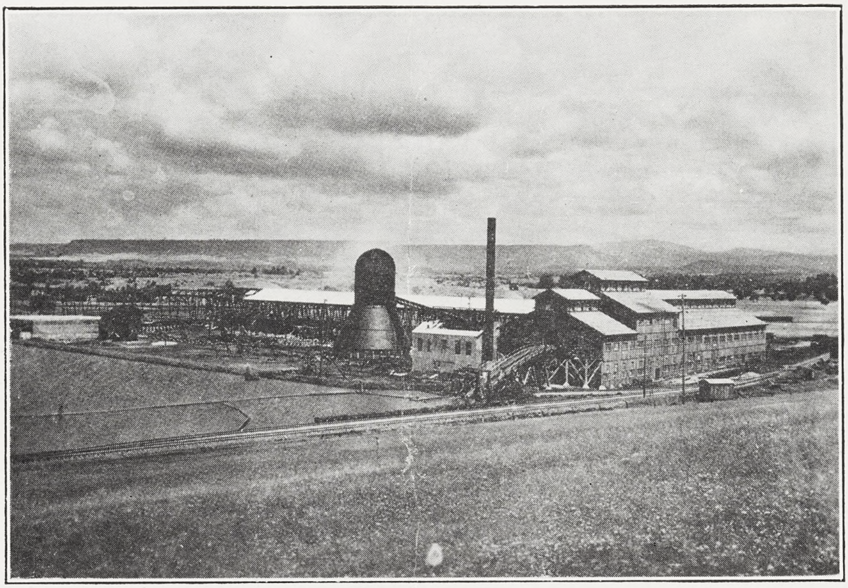
AN OLIVE GROVE IN THERMALITO. THE THERMALITO OLIVE CROP RUNS ANNUALLY INTO LARGE FIGURES.

a drainage problem. The slopes are ideal for irrigation so that very little grading is necessary and practically no clearing before planting

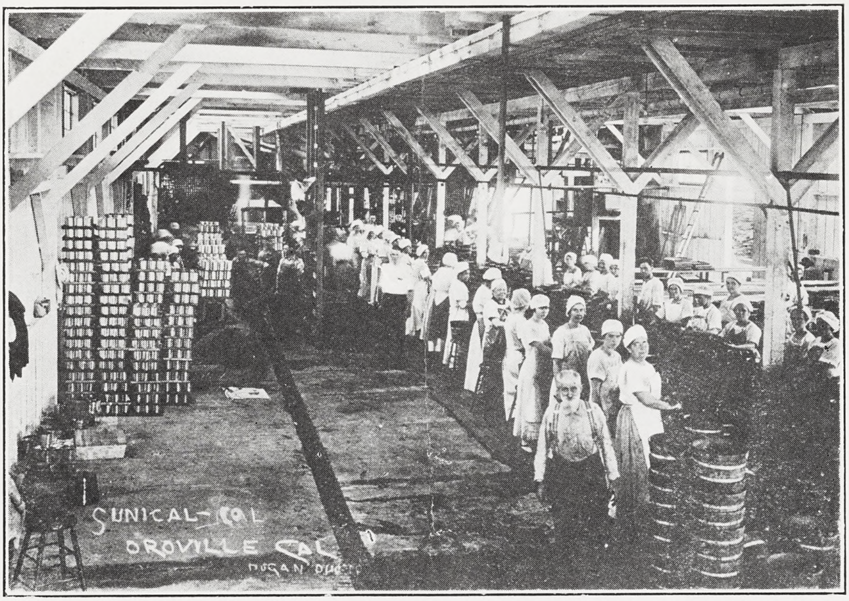
There are approximately 1000 acres now in bearing in the district, this acreage having been under irrigation since 1887. This is planted to oranges, olives, figs, berries, plums, peaches and grapes principally, though all semi-tropical fruits are grown successfully. The average size of the holdings is approximately eleven acres, but deducting the six largest holdings, ninety-eight per cent of the owners of property have holdings averaging about five acres.

The population of Thermalito is 528, and there are 143 homes in the district. The type of dwellings and other insurable improvements is evidence of the general prosperity of the section. Many of the residences range from $2500 to $10,000 in value. There is available for each home of the district telephone service, running water and electricity for all purposes. The entire district is covered by a daily rural mail delivery.

When the industrial opportunities of the section are realized, the general excellence of the improvements become more easily understood. Farmers have no difficulty in finding good paying occupations during their spare time, as Oroville has a two million dollar annual payroll, there being two large lumber mills, five olive



THE HUTCHINSON LUMBER COMPANY'S MILL IN OROVILLE. DAILY LUMBER CUT 400,000 FEET.



SCENE IN ONE OF OROVILLE'S FIVE OLIVE PROCESSING PLANTS packing plants, the Western Pacific division shops, a fruit cannery, a rock crushing plant and the fruit packing houses.

The directors of the district are all substantial farmers in the district. Mr. Mark Hodgson, chairman of the board, being a successful grower; Mr. A. F. Chase is an owner and a grower of long experience in the district, and Mr. Ralph H. Butler is a Civil Engineer who is planting to a variety of fruits 165 acres of land in the district. The Tax Collector and Assessor, Dr. G. E. Middlehoff, is also manager of the Butte County Citrus Association and a successful grower of fruits; the Treasurer, Mr. W. H. McNamee, is a farmer of long and substantial standing in the community. All of these officers were elected to their offices unanimously. The Secretary and Attorney is Mr. Raymond A. Leonard, whose experience in irrigation matters is probably second to that of no other attorney in the State. The engineers are both well known, being Mr. S. J. Norris and Mr. J. M. Howells.

STATISTICAL INFORMATION

Regarding Bonds

Amount of bond issue—$270,000.

Interest bonds bear—6%.

Maturities of bonds—January 1, 1934, to January 1, 1953.

Will this bond issue cover the entire cost and complete the work? Yes.

Percentage of votes favoring the issuance of these bonds—87.6 per cent.

Legal authority for issuance of bonds—The California Irrigation Act (Wright Act).

Probability of additional bond issues—None foreseen at present time.

Date of bonds—March 1, 1923.

Date of sale—April 4, 1923.

Interest dates—January 1, and July 1.

Regarding District

Number of acres in district—3100.

Improved acreage in district—1030.

Population of the district—528.

Number of homes in the district—143.

Average size of holdings—11 acres.

Estimated actual value of all property in District—$2,572,300. Lands, $1,330,300; buildings, $429,000; personal property, $143,000.

Assessed valuation of lands—$465,842.

Labor situation—Variety of crops and proximity to Oroville make local labor supply adequate for farmers' needs.

Towns in district—None; within ten minutes' ride of Oroville.

Past record of general tax payments—Exceptionally good.

Character of farmers—Industrious workers and farmers on small tracts; American born farmers predominate.

How long has land been irrigated? 35 years on about 1000 acres.

Average earnings per acre—$200 on planted area.

Is community prosperous? Yes.

Tendency of land values—Steadily upward.

Market for products—Direct railroad and highway transportation.

Loaning value on property at banks—$100 to $150 an acre.

What per cent of land is mortgaged?—to whom? 20 per cent to local banks and individuals.

Type of irrigation directors—Substantial farmers.

Regarding Engineering Plans

Has State passed favorably on engineering problems? Yes.

Cost of water per acre per year, including principal and interest—$6 to $9.30.

Duty of water—One miner's inch to 4 acres; 2½ acre feet per acre annually.

Is system adequate for future? Yes.

Is water supply adequate for future? Yes.

Average rainfall—28.45 inches.

Regarding Butte County

Assessed valuation of county—$37,668,165.

Bonded indebtedness of county—$1,800,000, for good roads.

Resources of Butte County

Butte County is known among the counties of the State for the diversity of its resources and for the uniform prosperity that diversified resources give. It is a large producer of grains and cereals, including wheat, barley and rice. It produces commercially deciduous fruits and nuts in large quantities, and is one of the better known orange and olive districts of the State. It is one of the chief almond producing sections of the State, and has a large producing acreage in apples, pears and figs. Its hay, alfalfa and dairying industry is large. It also has a large stock industry. The county has now 98,200 acres in its irrigated area.

In manufacturing the county also ranks well up among the counties of California. Its annual output of timber is 175,000,000 feet, of which 130,000,000 feet is produced by two mills in Oroville. There are four olive plants in Oroville, two of which are the largest ripe olive canneries in the world. These same plants produce a large amount of olive oil. There are two large peach canneries in the county, one in Oroville. There are four orange packing houses in the district about Oroville. There are two rice mills in the county.

The county is the home of the largest match making industry in the United States. Sash and door stock and cement pipe are also manufactured here.

The Western Pacific maintains division railroad shops at Oroville, which is a division point for both freight and passenger service. The Sacramento Northern Railroad maintains shops at Chico.

The county is a large producer of hydro-electric energy, the total annual output of the five plants now in the county being 147,200 horsepower.

OROVILLE REGISTER